

April 5, 1927.

House Bill Number 93 is " An Act to amend Article 1302 of the Revised Civil Statutes of the State of Texas, 1925, providing additional purposes for which corporations may be formed under the laws of Texas, under what shall be known as Title & Trust Companies, providing said corporations may incorporate for one or more of the purposes stated, and that no corporation incorporated including in its corporate powers the purposes provided in the fourth subdivision of this Act with a capital stock of not less than fifty thousand dollars."

After providing that " private corporations may be created for, or, after being or having been created, may so amend their charter as to include two or more of the following purposes", the bill sets out four separate purposes. They are: (1) to make abstracts of title to lands, etc; (2) to guarantee titles to land, etc; (3) to purchase, sell and deal in notes, etc; and (4) to act as trustee under any lawful express trust. It is to be observed that the first purpose above stated is in the same language as Subdivision 56 of Article 1302 which is the general Article setting out the purposes for which private corporations may be created. The second purpose stated in this Act is the same as Subdivision 57 of Article 1302. The third and fourth purposes set out in this bill are included in Subdivision 49 of Article 1302.

I submitted certain questions to the Attorney General's Department with reference to this measure. They advised that while the language is not entirely free from doubt, that it was the conclusion of that Department that the courts would not construe the bill to permit corporations generally by amendment to add two or more of the purposes set out in this bill to a previous business dissimilar in character. I do not undertake to express any difference of opinion from that reached by the Attorney General.

The language underscored above is that private corporations " after being or having been created may so amend their charter" as to include two or more of the four purposes stated in this bill. The obvious purpose of the bill is to permit title guaranty companies to own an abstract plant and do an abstract business, and in addition thereto to deal in notes and act as trustee. This latter business is usually conducted and carried on by trust companies. There are a number of corporations doing title guaranty business in this State, and the bill is intended to make

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it possible for these companies to amend their charters and take advantage of some of the powers set out in the subdivisions of this bill. Under the rulings of our courts a corporation could not combine the purposes set out in Subdivision 56 and Subdivision 57 of Article 1302 and thereby conduct both a title guaranty and an abstract business.

Unless the bill permits corporations heretofore created under Subdivisions 56 and 57 to amend their charters so as to include two or more of the purposes set out in this bill, then the bill fails to accomplish that which was intended. If it does permit such corporations as may have been organized under the provisions of Subdivisions 56 and 57 to amend their charters to include the powers set out in the subdivisions of this bill, then there is no restriction in the bill to prevent any other corporation organized under some other section of Article 1302 from amending its charter and entering the title guaranty, abstract and trust company business.

Questions might be raised with reference to the caption of this bill, and the language " provided further, however, that no corporation shall be incorporated including in its corporate powers the purposes provided in the fourth subdivision of this Act with a capital stock of not less than fifty thousand dollars."

For the reasons indicated it is my judgment that this bill should be vetoed.



Governor of the State of Texas.